



California Public Utilities Commission

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Office Of Ratepayer Advocates News Release

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AT&T's Decision to Leave the Local Residential Market

Yesterday AT&T announced that "As a result of recent changes in regulatory policy governing local telephone service, AT&T will no longer be competing for residential local and standalone long distance customers."

This is a devastating blow to competition and consumer choice in California. As AT&T alluded, recent FCC actions on the rules governing how competitors rent parts of the dominant phone companies networks have made it much more difficult for competitors to serve residential and small business customers. Coupled with a pending decision by the CPUC that would raise the rates Pacific Bell charges the competitors to rent its facilities, we are seeing the beginning of the end of consumer choice for local telephone service, and the loss of a major competitor in the long distance market.

We are deeply disappointed to see yet another failure of telephone competition. As Ratepayer Advocates, we have tried to make sure that consumers are helped by the increasing choices for local phone service, and not harmed. Now we are seeing one the largest competitors, who has invested millions of dollars in California, effectively pull out of the marketplace because the rules of engagement keep changing. California customers and the California economy are the ultimate losers at a time when we can least afford to pay more and get less.

An unfortunate pattern is developing as dominant carriers are given more regulatory freedom in the name of competition, real world restraints on price will be absent, with consumers paying the higher bills. Maybe it's time to rethink things.

ORA is an independent arm of the CPUC, created by the Legislature to represent the interests of all residential and business customers throughout the state to obtain fair rates and reliable service. ORA has a multidisciplinary staff with expertise in economics, finance, accounting and engineering. ORA's views do not necessarily reflect those of the CPUC.

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